

NCA
VOC FOR PGM/FN
BACKGROUNDER NO. 5-5997
MARK HOPKINS/BONN

JULY 14, 1978

CARTER-SCHMIDT TALKS

ANNCR:

PRESIDENT CARTER IS IN BONN FOR TALKS WITH WEST GERMAN CHANCELLOR HELMUT SCHMIDT, AND THEN A SEVEN-NATION ECONOMIC SUMMIT. THERE HAVE BEEN REPORTS OF PERSONALITY PROBLEMS BETWEEN THE TWO LEADERS. HOWEVER, MR. SCHMIDT UNEXPECTEDLY WENT TO THE AIRPORT TO PERSONALLY WELCOME THE AMERICAN PRESIDENT ON HIS ARRIVAL IN BONN. VOA CORRESPONDENT MARK HOPKINS HAS THIS BACKGROUND REPORT.

VOICE:

THE PERSONALITY ISSUE HAS MOVED TO THE BACKGROUND. WHAT REMAINS ARE THE PROBLEMS OF TWO POWERFUL COUNTRIES ADJUSTING TO ONE ANOTHER IN NEW CIRCUMSTANCES.

THE CARTER ADMINISTRATION CAME TO THE WHITE HOUSE WITH STRONG STATEMENTS AGAINST SOVIET SUPPRESSION OF HUMAN RIGHTS. FOR REASONS OF ITS OWN RELATIONS WITH MOSCOW, THE SCHMIDT GOVERNMENT DID NOT GO ALONG WITH THE PUBLIC CRITICISM OF THE KREMLIN AND CHANCELLOR SCHMIDT SUGGESTED THAT THE CARTER ADMINISTRATION WOULD BE BETTER OFF TO EMPLOY QUIET DIPLOMACY ON THE HUMAN RIGHTS ISSUE.

THERE HAVE BEEN OTHER DIFFERENCES. PRESIDENT CARTER, CONCERNED ABOUT THE SPREAD OF NUCLEAR POWER AND THUS THE POTENTIAL TO MAKE NUCLEAR WEAPONS, URGED THE SCHMIDT GOVERNMENT TO CANCEL A MULTI-MILLION DOLLAR NUCLEAR POWER REACTOR SALE BETWEEN WEST GERMANY AND BRAZIL. THE SCHMIDT GOVERNMENT REJECTED THIS ADVICE FOR BOTH ECONOMIC AND POLITICAL REASONS.

ALONG WITH THIS IRRITANT THERE HAS BEEN DISAGREEMENT ON THE HANDLING OF THE NEUTRON WARHEAD ISSUE. THE SCHMIDT GOVERNMENT REPORTEDLY MADE CLEAR TO THE CARTER ADMINISTRATION THAT IF THE UNITED STATES DECIDED TO PRODUCE THE NEUTRON BOMB, WEST GERMANY WOULD ACCEPT DEPLOYMENT. BUT PRESIDENT CARTER FINALLY DECIDED TO DELAY A DECISION ON THE NEUTRON WEAPON, AND THE NEUTRON CONTROVERSY PERSISTS.

THE MAIN ISSUE BETWEEN BONN AND WASHINGTON IS ECONOMIC POLICY. THE CARTER ADMINISTRATION HAS PRESSED THE SCHMIDT GOVERNMENT TO QUICKEN THE PACE OF WEST GERMAN ECONOMIC GROWTH AS A STIMULUS -- WASHINGTON SAYS -- TO THE WORLD ECONOMY. THE WEST GERMANS RESPOND THAT THE UNITED STATES MUST CUT ITS ENERGY CONSUMPTION AND MUST SLOW INFLATION.

IN A NUMBER OF INTERVIEWS JUST BEFORE HIS TALKS WITH PRESIDENT CARTER, AND BEFORE THE SEVEN NATION ECONOMIC CONFERENCE, CHANCELLOR SCHMIDT HAS BEEN BLUNTLY CRITICAL OF THE CARTER ADMINISTRATION'S ECONOMIC POLICY. BUT, AT THE SAME TIME, MISTER SCHMIDT HAS CONSISTENTLY SAID THAT THE COMMON INTEREST OF THE UNITED STATES AND WEST GERMANY ARE SO DEEP THAT DIFFERENCES CAN BE CANDIDLY DISCUSSED. AND HE HAS BEEN DOING JUST THAT.

-0-

JS/RTD